

Specialist International Share (Hedged) Fund - On-platform Class A

Investment objective

To provide total returns (income and capital growth) after costs and before tax, above the Fund's performance benchmark on a rolling 3 year basis. The benchmark for the Fund is the MSCI World ex Australia ex Tobacco Index (net dividend reinvested), hedged to Australian dollars.

How we manage your money

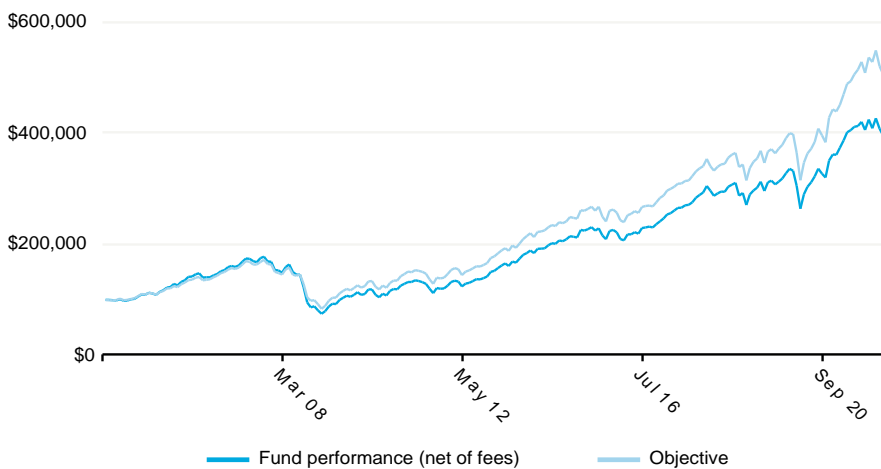
The Fund normally invests in international shares.

Performance as at 31 March 2022

%	1 MTH	3 MTH	1 YR	3 YRS	5YRS	7YRS	SINCE INCEPT
Total Return - Net of Fees	2.18	-5.17	4.61	10.27	9.59	8.77	8.03
Objective	2.91	-5.09	10.84	13.68	11.66	10.40	9.53
Excess return	-0.73	-0.08	-6.23	-3.41	-2.07	-1.63	-1.51

Past performance is not a reliable indicator of future performance. Performance is annualised for periods greater than one year. Total returns are calculated using the net asset value per unit for the relevant month end. This price may differ from the actual unit price for an investor buying or selling an investment. Actual unit prices will be confirmed following any transaction by an investor. Returns quoted are before tax, after fees and costs and assume all distributions are reinvested.

\$100,000 invested since inception



FUND FACTS

APIR	AMP0825AU
Inception date	18 February 2004
Fund Size	\$290,691,427
Total ongoing annual fees and cost*	1.13% p.a.
Buy/Sell spread*	+0.20%/-0.15%
Distribution frequency	Half-yearly
Minimum investment	\$500,000
Minimum suggested time frame	5 years

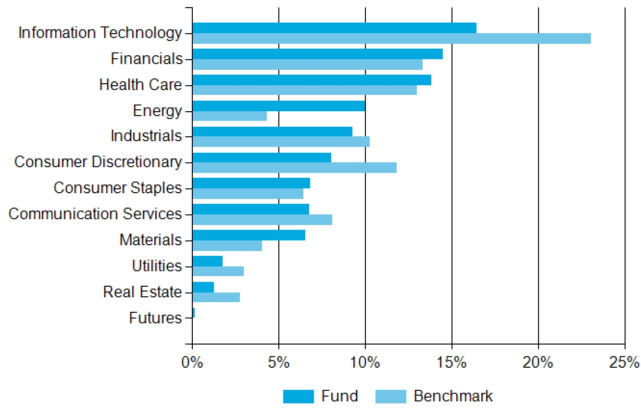
*Fee information is accurate as at 30 June 2021, and is updated bi-annually. The Fund PDS outlines the latest ongoing annual fees and cost as well as any member activity-related fees and costs (if applicable) that may apply to your investment. You can review the PDS at www.ampcapital.com

The new regulations effective from 30 September 2020 will change the way fees and costs are required to be disclosed to Investors. It is important to note these fees and costs have always existed and are factored into your net-of-fee returns. We are simply changing the way they are displayed. You are not being charged additional fees and costs.

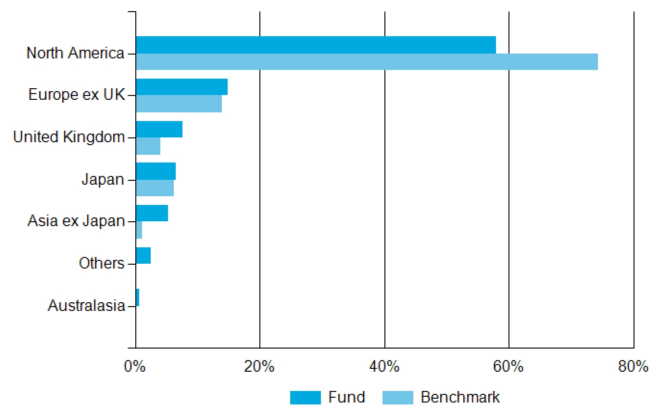
What happened last period

- Global share markets fell in the March quarter, with rising inflation and interest rates as well as surging commodity prices after Russia invaded Ukraine weighing on markets.
- The Fund posted a negative return and underperformed its benchmark over the period (before fees).
- Whilst all of the Fund's underlying managers lost ground, Schroders and Arrowstreet outperformed their respective benchmarks.

Sector allocation (%)



Regional allocation (%)



Fund Performance

The Fund posted a negative return and underperformed its benchmark during the March quarter. In a declining market, the Fund's underlying managers lost ground, however Schroders and Arrowstreet outperforming their respective benchmarks. The Fund continues to outperform its benchmark over the long term, including since inception (annualised). (All returns are before fees.)

Country allocation detracted overall from relative returns over the period, due to the Fund's exposures to emerging markets. Within developed markets, the main positive contributors were an overweight exposure to Australia and an underweight position in Germany, whereas the main detractors were an underweight exposure to Canada and overweight position in the Netherlands. Emerging markets positions, primarily the small holdings in Russia saw heavy falls, more than offsetting the strong returns from holdings in Brazil. The Fund's cash position, which is held mainly in US dollars, added value as markets retreated.

Sector allocation added value overall to relative returns with most positions contributing, with an overweight exposure to energy the key driver. Conversely, the underweight exposures to health care and utilities were the main detractors.

Stock selection detracted overall from relative returns, particularly positions in energy, communication services and financials stocks, while positions in materials and information technology stocks outperformed the most.

The Fund had a small exposure (0.25%) to Russian company Sberbank Russia and Yandex, which detracted from returns. The value of these companies was subsequently written down to zero in March 2022 after these companies' share prices plunged alongside other Russian stocks as the Russian incursion into Ukraine prompted sanctions that are likely to significantly impact Russia's economy. Elsewhere, shares in the streaming

service Netflix (-40%) plummeted after it revealed it expected near-term subscriber growth to slow and profit margins to narrow. US-based oil and gas company Exxon Mobil Corporation (+32%), where the Fund has a nil position, saw its shares soar following the company confirming better than expected quarterly results, with profit rebounding after steep losses experienced after the COVID-19 pandemic. The share price was also bolstered when the company initiated a stock buyback and as oil prices hit multi-year highs.

The largest individual stock contributors were the overweight positions in Berkshire Hathaway and INPEX Corporation and an underweight exposure to Home Depot.

Shares in US-based conglomerate Berkshire Hathaway (+14%) - led by investor Warren Buffett - rose following the release of strong quarterly results, with investments in oil producers and some other stock holdings such as Apple supporting a jump in operating earnings. Japanese oil and gas exploration and production company INPEX Corporation (+33%) was buoyed alongside other energy sector peers as energy prices rose strongly following Russia's invasion of Ukraine. US-based home improvement retail company Home Depot (-30%) fell after the company reported its latest quarterly performance which was weaker than expected by investors, with profitability suffering amid higher costs and concerns about the impacts of inflation on consumers dampening sentiment.

The hedged exposure to the Australian dollar had a positive impact on returns, primarily due to the currency's appreciation compared to many major currencies over the period.

Late in the quarter, we also made a change to the Fund's underlying investment managers, terminating Magellan and appointing GQG Partners. GQG Partners employ a fundamental strategy that seeks to invest in quality companies with ongoing competitive advantage generating sustainable future earnings, that are trading below

their intrinsic value.

Market review

Global share markets fell by 4.75% in the March quarter, as measured by the MSCI World ex Australia index. Major drivers were increased inflation levels around the globe and the growing belief that central banks, particularly in developed economies, may have fallen considerably behind the ball in normalising interest rates, thus further exacerbating inflation. Russia's unprovoked invasion of Ukraine in late February added to share price falls. Beyond the horrible human cost, the war has further inflamed already-significant global supply chain issues and commodity price volatility. Unsurprisingly, European shares were weak over the quarter, particular in countries that are more reliant on Russian energy exports. Countering this pessimistic backdrop however, much of the global economy continues to grow, corporate earnings are generally solid - particularly in the US - and COVID-19 restrictions, in many countries, have become a thing of the past (with the notable exception of China). Emerging markets also fell over the period, with the MSCI Emerging Markets index closing the quarter down by 6.1%. Emerging markets were impacted by similar fears as developed markets. Chinese stocks particularly struggled over the period, as the nation's COVID-zero policies resulted in further mass-scale lockdowns which, along with ongoing regulatory concerns, contributed to heavy falls. (All indices quoted in local currency terms and on a total-return basis, unless otherwise stated.)

Outlook

Prevailing high inflation rates remain a prime market concern, particularly when taken into account with record debt-levels across the globe presenting difficulties as central banks begin to raise interest rates. Meanwhile, corporate earnings remain reasonably strong and growing, as companies continue to move ahead from the 2020 COVID downturn. Russia's war on Ukraine is also likely to produce further volatility in the near-term as the conflict plays out. Supply-demand mismatches remain and, in some areas, have been exacerbated by the war. Likely tax hikes from the Biden administration are a further issue on the horizon which will impact earnings. Businesses with a strong competitive advantage, which tend to have power to raise prices, should do relatively well in an inflationary environment. As more central banks initiate rate rises in the coming months, this may actually ease, rather than add to market uncertainty. We continue to believe the longer-term trend will remain to the upside, and that investors with a diversified portfolio of quality businesses, bought at

a reasonable price, are likely to do well over the longer-term.

Portfolio Manager



Trent Loi

Trent Loi joined AMP Capital in May 2012 as the portfolio manager for the international share and Australian small companies' portfolios within the Specialist, AMP Capital Ethical Leaders, Experts' Choice and ipac ranges of funds. Prior to joining AMP Capital, he was an Associate Consultant at Mercer Investment Consulting. Prior to that, he was an Investment Analyst at Aon Investment Consulting.

Further information

For information about the Fund including fees, features, benefits and risks talk to your financial advisor today or read the product disclosure statement (PDS) which can be found on:

www.ampcapital.com/specialist-international-share-hedged-fund

You can also call us on **1800 658 404**



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